

DEBT SERVICE

Debt service represents the amount allocated for the repayment of the principal and interest on total outstanding debt held by the county. The interest rate that the county is required to pay when it borrows funds is determined by its bond rating, the projects to be funded, the source(s) of funds for repayment of debt, the risk analysis associated with credit enhancement of the debt, as well as the general health of the financial market. Lucas County's Bond rating is A1 from Moody's Investor Services for General Obligation Debt and AA- from Fitch Ratings reflecting the county's commitment to building and maintaining sufficient reserves, the maintenance of a strong liquidity position across funds, a large and relatively diverse tax base and manageable amounts of rapidly repaid debt.

The County's current debt levels are low. Forty-six percent of total debt service is paid within six years, which will allow the county to maintain its modest debt levels and plan for the possible renovation or new construction of a Correction Facility.

Lucas County issued its Taxable Economic Development Revenue Bonds, Series 2001 (Lucas County Ballpark Project) pursuant to Article VIII, Section 13 of the Ohio Constitution and Chapter 165 of the Ohio Revised Code in order to pay the construction costs of the BallPark Project, thereby creating and preserving jobs and employment opportunities and improving the economic welfare of the people of the County and the State of Ohio. The Bonds are "special obligations" payable solely from "Non-tax Revenues" (other than Founders Program Revenue) of the County not from money raised by taxation. The primary sources of Non-tax Revenues in the County's general fund are investment earnings and charges for services. This bond issue has received a separate bond rating of A2 by Moody's Investor Services.

The County has issued industrial development revenue bonds for facilities used by private corporations or other entities, hospital revenue bonds for facilities used by private health care corporations and revenue issues for other non-profit organizations. An example would be Lott Industries in 1993, in connection with its construction of a sheltered workshop facility to provide rehabilitation and employment to mentally retarded and developmentally disabled adults in the County who are served by the Board of Mental Retardation. Revenue bonds have also been issued for multifamily housing projects within Lucas County. The County is not obligated in any way to pay debt service on those bonds from any of its funds, and therefore those bonds have been excluded entirely from the debt discussion and the tables that follow.

The following describes the security for general obligation debt, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the County.

**LUCAS COUNTY, OHIO
COMPUTATION OF LEGAL DEBT MARGIN**

The Ohio Revised Code provides that the net principal amount of unvoted general obligation debt of the County, excluding "exempt debt", may not exceed 1% of the total assessed valuation of all property in the County, and that the County's unvoted general obligation debt for its share of the costs of State highway improvements may not exceed one-half percent of that valuation. The principal amount of both voted and unvoted general obligation debt of the County, excluding the "exempt debt", may not exceed a sum equal to \$6,000,000 plus 2-1/2% of the assessed valuation in excess of \$300,000,000. These two limitations are referred to as the "direct debt limitations" and may be amended from time to time by the General Assembly. The actual computation of the County's Legal Debt Margin is detailed below.

(Amounts in 000's)

Direct legal debt limitation¹:	
3.0% of the first \$100,000 assessed valuation.....	\$3,000
1.5% on excess of \$100,000-not in excess of \$300,000.....	3,000
2.5% on the amount in excess of \$300,000.....	<u>210,797</u>
Total direct legal debt limitation.....	216,797
Total of all county debt outstanding.....	\$64,706
<i>Less:</i>	
Special assessment bonds and notes -17,570	
Correctional facilities bonds <u>-13,757</u>	
Total exempt debt.....	-31,327
Total net indebtedness (voted and unvoted) subject to direct debt limitation.....	<u>33,379</u>
Direct legal debt margin.....	<u><u>\$183,418</u></u>
Unvoted debt limitation (subject to 1% of County assessed valuation).....	
	87,319
Total net indebtedness (unvoted - subject to the 1% legal debt limitation).....	<u>-29,764</u>
Total unvoted legal debt margin.....	<u><u>\$57,555</u></u>

¹ Direct legal debt limitation is outlined by the Ohio Revised Code, codifications 133.04 and 133.07.

Source: Squire, Sanders & Dempsey L.L.P.

2005 DEBT SERVICE BUDGET SUMMARY

GENERAL OBLIGATION BONDS

2005 PRINCIPAL & INTEREST

Unvoted

1986 COUNTY PUBLIC ASSISTANCE BLDG	\$343,200
1986 CONVENTION CENTER	510,825
1988 FAMILY & COURTHOUSE IMP.	1,068,594
1995 CORRECTION & CT. SERVICES	378,240
1996 REFUNDING BOND (1990)	1,047,413
2001 JUVENILE JUSTICE CENTER	1,361,250
2002 REGIONAL JAIL REFUNDING (1992)	388,619
2003 COURT OF APPEALS	473,900
TOTAL:	\$5,572,040

Voted

1996 VOTED LIBRARY IMPROVEMENT	1,605,900
1997 VOTED LIBRARY IMPROVEMENT	2,211,300
TOTAL:	\$3,817,200

REVENUE BONDS (Paid from Non-Tax Revenues)

2001 LUCAS COUNTY BALLPARK PROJECT	1,813,231
TOTAL:	\$1,813,231

SPECIAL ASSESSMENT BONDS

1974-77 SANITARY SEWER	24,133
1987 SANITARY SEWER & WATER LINE	18,375
1988 SANITARY SEWER & WATER LINE	39,000
1989 SANITARY SEWER & WATER LINE	112,550
1990 WATERLINES	37,330
1992 SANITARY SEWER & WATERLINES	136,205
1994 MCCORD ROAD, SS & WL	78,578
1995 SANITARY SEWER & WATER LINE	58,315
1996 SANITARY SEWER & WATER LINE	163,928
1997 SANITARY SEWER & WATER LINE	98,083
1998 SANITARY SEWER & WATER LINE	193,583
1999 SANITARY SEWER & WATER LINE	45,970
2000 SANITARY SEWER & WATER LINE	133,320
2001 WATERLINES	125,123
2002 SANITARY SEWER & WATERLINE	77,190
2003 SANITARY SEWER & WATERLINE	72,766
2004 SANITARY SEWER & WATERLINE	118,162
TOTAL:	\$1,532,609

GENERAL OBLIGATION BONDS

Unvoted Bonds: The basic security for unvoted general obligation debt of the County is the County's ability to levy, and its levy pursuant to constitutional and statutory requirements, of an ad valorem tax on all real and tangible personal property subject to ad valorem taxation by the County, within the ten-mill limitation described below. This tax must be in sufficient amount to pay (to the extent not paid from other sources) as it becomes due, the debt service on unvoted County general obligation bonds, both outstanding and in anticipation of which BANs are outstanding. The law provides that the levy necessary for debt service has priority over any levy for current expenses within that tax limitation; that priority may be subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion.

Voted Bonds: The basic security for voted County general obligation debt is the authorization by the electors for the County to levy to pay debt service on those voted bonds, without limitation as to rate or amount, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the County. The tax is outside of the ten-mill limitation and is to be in sufficient amount to pay (to the extent not paid from other sources) as it becomes due the debt service on the voted bonds, subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion.

Library Improvement Bonds: Lucas County serves in a ministerial capacity as the taxing authority for the Toledo-Lucas County Public Library. Ohio Revised Code prohibits libraries from holding bonded debt and requires the debt to be held in the name of the subdivision to which the Libraries board's jurisdiction is subject. The library requested that the County put a levy on the ballot for \$38.6 million in improvements to the library. In November, 1995, the electorate of Lucas County approved an increase in property taxes to pay for the issuance of \$25 million in General Obligation Bonds. In 1997, the County issued the remaining \$13.6 million.

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
General Obligation Bonds - Unvoted					
<u>Series 1986</u> <i>Includes the acquisition of building for the Job and Family Services Department.</i>	5,500,000	8.000%	12/1/2011	1,540,000	343,200
<u>Series 1986</u> <i>Includes the acquisition of land for the construction of Seagate Convention Center.</i>	8,400,000	6.500%	12/1/2012	2,705,000	510,825
<u>Series 1988, Various Purpose Improvement Bonds</u> <i>Includes the construction of the Family Court Center and Courthouse renovations</i>	15,700,000	7.375%	8/1/2007	2,625,000	1,068,594

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
<u>Series 1995 Correctional Facilities Bonds</u> <i>Includes purchase and renovations of a former YMCA to the Correctional Treatment Facility.</i>	2,450,000	4.300% - 6.800%	12/1/2015	1,650,000	198,550
<u>Series 1995 Court Services Bonds</u> <i>Includes the purchase and renovation of building to the Common Pleas Court Services facility.</i>	1,580,000	4.300% - 6.800%	12/1/2015	1,485,000	179,690
<u>Series 1996 Refunding Bond</u>	8,920,000	4.250% - 5.375%	12/1/2011	6,030,000	1,047,413
<u>Series 2001 Juvenile Justice Center Bonds</u> <i>Includes the acquisition of land and the construction of the Juvenile Justice Detention Center.</i>	17,000,000	4.375% - 5.000%	12/1/2021	15,245,000	1,361,250
<u>Series 2002 Regional Jail Refunding Bonds</u> <i>Refunding of a 1992 Bond issue for a multi-jurisdictional regional detention facility for sentenced inmates.</i>	4,085,000	2.500% - 2.750%	12/1/2007	1,090,000	388,619
<u>Series 2003 Court of Appeals Bonds</u> <i>Includes the construction of the Sixth District Court of Appeals building.</i>	6,260,000	2.250% - 5.000%	12/1/2023	6,075,000	479,375
General Obligation Bonds - Voted					
<u>Series 1996 Library Improvement Bonds</u> <i>Includes improvements to various libraries throughout Lucas County.</i>	25,000,000	4.300% - 6.000%	12/1/2005	1,515,000	1,605,900
<u>Series 1997 Library Improvement Bonds</u> <i>Includes improvements to various libraries throughout Lucas County.</i>	13,600,000	3.800% - 5.300%	12/1/2005	2,100,000	2,211,300

Lucas County BallPark Project: Taxable Revenue Bonds were issued to pay for the construction costs of the new ballpark for the Toledo Mud Hens, a Triple AAA Baseball Club. This bond issue is to be paid solely from the County's non-tax revenues. These revenues may consist of monies received by the County for the lease of the ballpark to the Toledo Mud Hens, investment income, charges for services and fees from licenses and permits. The holders of these bonds have no right to have taxes levied by the County for the payment of principal and interest on the bonds.

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2004 Principal & Interest
Revenue Bonds (Paid from Non-Tax Revenues)					
<u>Series 2001 BallPark Bonds</u> <i>Includes the acquisition of land and the construction of a AAA Baseball Stadium for the Toledo Mud Hens.</i>	20,000,000	6.375% - 6.625%	12/1/2021	18,455,000	1,813,231

SPECIAL ASSESSMENTS

The self-supporting bonds are secured by an unvoted property tax levy (special assessments), however, each appropriate bond indenture provides for principal and interest to be paid from user charges. In the event property owners default on their special assessment obligations, the County is obligated to meet the debt service requirements from County funds.

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
Special Assessment Bonds - Governmental Commitment (Self-Supporting)					
Series 1974-1977 Sanitary Sewers		5.125% - 7.625%	11/1/2014	146,000	24,133
Series 1987 Sanitary Sewers	298,000	7.500%	12/1/2007	45,000	18,375
Series 1988 Sanitary Sewers	544,000	7.500%	12/1/2008	120,000	39,000
Series 1989 Sanitary Sewers	1,200,000	6.75% - 7.000%	12/1/2009	465,000	112,550
Series 1990 Waterlines	397,000	6.800% - 6.850%	12/1/2010	180,000	37,330
Series 1992 Sanitary Sewers and Waterlines	496,000	3.400% - 6.650%	12/1/2011	245,000	46,293

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
Series 1992 Sanitary Sewers and Waterlines	981,000	3.400% - 6.650%	12/1/2011	525,000	89,913
Series 1994 Sanitary Sewers and Waterlines	905,000	4.000% - 6.050%	12/1/2013	555,000	78,578
Series 1995 Sanitary Sewers and Waterlines	680,000	4.300% - 6.800%	12/1/2014	435,000	58,315
Series 1996 Sanitary Sewers and Waterlines	2,460,000	4.250% - 6.500%	12/1/2016	1,925,000	163,928
Series 1997 Sanitary Sewers and Waterlines	1,235,000	4.900% - 5.450%	12/1/2017	915,000	98,083
Series 1998 Sanitary Sewers and Waterlines	2,460,000	4.250% - 5.000%	12/1/2018	1,935,000	193,583
Series 1999 Sanitary Sewers and Waterlines	535,000	4.000% - 6.000%	12/1/2019	450,000	45,970
Series 2000 Sanitary Sewers and Waterlines	1,560,000	5.200% - 5.600%	12/1/2020	1,365,000	133,320
Series 2001 Sanitary Sewers and Waterlines	1,585,000	4.100% - 5.100%	12/1/2021	1,425,000	125,123
Series 2002 Sanitary Sewers and Waterlines	1,050,000	2.500% - 4.600%	12/1/2022	980,000	77,190
Series 2003 Sanitary Sewers and Waterlines	990,000	2.250% - 5.000%	12/1/2023	960,000	72,766
Series 2004 Sanitary Sewers and Waterlines	1,545,000	3.00% - 5.25%	12/1/2024	1,545,000	118,162

The County has entered into a number of loan agreements with the Ohio Water Development Authority (OWDA) for various improvements, including improvements to its sewer and water systems and its wastewater treatment plant. At the end of 2005, the aggregate principal amount outstanding under those loan agreements will be approximately \$19,615,551; the final payment on those loans is due on January 1, 2021; and the highest approximate annual loan repayment amount during that period is estimated to be \$2,888,000. Payments under such loan agreements are required to be made from revenues of the sewer and water systems and from the wastewater treatment plan after repayment of operation and maintenance expenses of such system, and from special assessments in certain cases. The loan agreements grant no security or property interest to OWDA in the property of the County, and do not pledge the general credit of the County, or create a debt subject to the direct or indirect debt limitations, or require the use of general resources of the County for repayment. Payments are due to OWDA on each January 1 and July 1.

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
Ohio Water Development Authority (OWDA) Loans Special Assessment - Governmental Commitment					
Series 1983-1984 Sanitary Sewers	325,962	7.380% - 7.820%	1/1/2007	668,993	300,798
Series 1991 Sanitary Sewers	1,749,884	7.45% - 7.50%	7/1/2011	908,459	167,032
Series 1994 Waterlines	405,026	6.720%	7/1/2019	314,140	33,882

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
Ohio Water Development Authority (OWDA) Loans Special Assessment - Enterprise Funds					
Series 1984 Sanitary Sewers		6.25%	1/1/2013	1,753,266	260,217
Series 1980-1984 Wastewater Treatment Plant	8,810,633	6.250% - 10.260%	7/1/2013	1,423,853	311,941
Series 1990 Water Supply System	597,764	7.76%	1/1/2010	256,844	57,446
Series 1991 Water Supply System	950,790	7.50% - 7.62%	7/1/2011	476,692	79,786
Series 1993 Water Supply System	1,128,300	6.16%	7/1/2018	824,729	89,610
Series 1994 Sewer System	952,500	6.72%	7/1/2014	625,880	87,962
Series 1994 Wastewater Treatment Plant	11,539,293	5.77%	7/1/2015	7,879,463	987,348
Series 1995 Water Supply System	501,750	6.35%	1/1/2021	370,388	40,564
Series 1997 Water Supply System	1,783,512	5.86%	7/1/2017	1,372,143	153,731
Series 1997 Sanitary Engineer	1,650,000	5.86%	7/1/2017	1,269,428	142,222
Series 1998 Water Supply System	1,268,385	5.39%	7/1/2021	1,033,896	104,402

The County has entered into a number of Project agreements with the Ohio Public Works Commission (OPWC) under which the County has obtained interest-free loans outstanding in the aggregate principal amount of approximately \$2,726,830 at the end of 2005 to fund road and sewer system improvements. The County is required to repay these loans in equal annual payments over repayment periods ranging from ten to twenty years; the highest approximate annual loan repayment amount during that period is estimated to be \$457,354.

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
Ohio Public Works Commission (OPWC) Loans Governmental Commitment					
1994 Stitt/Eber Road Improvements	693,446	0.000%	7/1/1906	126,525	69,345
1995 Lagenderfer Road Improvements	380,219	0.000%	7/1/1906	76,044	38,022
Hallet Road Widening Project	259,339	0.000%	7/1/1907	142,636	25,934
1999 Henry-Lucas Road Improvements	219,241	0.000%	7/1/1907	65,772	21,924
Eber Road Improvements	215,000	0.000%	7/1/1910	125,987	20,998

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
Overlay Phase I Project	318,887	0.000%	7/1/1911	207,277	31,888
Old State Line Road Improvements	201,380	0.000%	7/1/1911	130,897	20,138
Holloway Road Improvements	230,000	0.000%	7/1/1911	149,500	23,000
Flanders/Laskey Road Improvements	118,659	0.000%	7/1/2011	77,128	11,866
Monclova Road Improvements	139,697	0.000%	7/1/2011	90,803	13,970
Garden Road Improvements	161,510	0.000%	7/1/2012	121,133	16,151
Angola Widening Project	180,000	0.000%	7/1/2010	108,000	18,000
Dutch Road Improvements	236,895	0.000%	7/1/2012	189,516	23,689
Bancroft Road Improvements	154,865	0.000%	7/1/2012	123,892	15,486
Multi-jurisdictional Improvements	491,396	0.000%	7/1/2012	436,186	51,316
Centennial/Albon Road Improvements	419,029	0.000%	7/1/2012	377,127	41,903

Issue and Purpose	Original Amount	Interest Date	Maturity Date	Amount Outstanding	2005 Principal & Interest
Ohio Public Works Commission (OPWC) Loans Enterprise Funds					
1994 Wastewater Treatment Plant Improvements	646,000	0.000%	1/1/1916	178,408	13,724

LUCAS COUNTY'S FUTURE LONG TERM DEBT

A summary of the County's future long-term debt funding requirements as of December 31, 2005 follows (amounts in 000's).

Year of Funding	Bonds		OWDA		OPWC	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006.....	5,233	3,668	1,704	1,082	445	0
2007.....	5,380	3,381	1,652	976	349	0
2008.....	4,320	3,081	1596	874	328	0
2009-2012.....	17,520	9,885	6,972	2,476	1,009	0
2013-2016.....	14,175	6,362	5,020	863	120	0
2017-2020.....	14,285	3,200	1,028	125	13	0
2021-2026.....	5,235	396	69	2	0	0
Total.....	\$66,148	\$29,973	\$18,041	\$6,398	\$2,264	\$0